

MOTION BY SUPERVISOR GLORIA MOLINA

June 23, 2009

On June 11, 2009, the State Legislative Budget Conference Committee took action to divert almost the full local share of the Highway Users Tax Account funding from counties and cities in both Fiscal Years (FY) 2009-10 and 2010-11 in order to pay the State's General Fund obligations on transportation bond debt. Specifically, the Budget Conference Committee's action takes gas tax revenues in the amount of \$986 million in FY 2009-10 and \$745 million in FY 2010-11 from counties and cities. THIS IS NOT BORROWING: the State Budget Conference Committee does not propose to repay any of these revenues to counties and cities.

As a result of the action of the Legislature's State Budget Conference Committee, Los Angeles County stands to lose \$109 million in FY 2009-10 and \$82 million in FY 2010-11, or \$191 million over the two-year period. Our 88 cities will also lose significant gas tax revenues during the two-year period: it is estimated that Los Angeles County cities will lose over \$230 million during the two-year period.

The County uses almost 100 percent of County gas tax revenues to finance road infrastructure operation and maintenance, including: emergency road response, road maintenance (such as pothole patching, crack sealing, shoulder repairs), street sweeping, street lighting, snow removal, graffiti removal, traffic signal maintenance, median and parkway

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landscaping and tree maintenance, sidewalk repair, street signing and striping, and other critical road services and programs. These are critical County functions that are vital to the well being and safety of our unincorporated communities and motorists who use our infrastructure.

It is clear that State's action will resolve a portion of its multi-billion dollar budgetary programs at the expense of local programs. Our Board will be forced to make extremely painful decisions about which road-related capital projects we cannot pursue in order to maintain our infrastructure. This is not a situation where we can stop performing a State-mandated services because the State funding has been withdrawn.

The California State Association of Counties (CSAC) Board of Directors has put forth a recommendation to increase the gas tax by five cents as an alternative to the State's Budget Conference Committee's action. Support of the CSAC alternative will force the State Legislators and the Governor to resolve their budgetary problems by imposing an additional five cent gas tax. However, to ensure accountability to us, and each and every California gas taxpayer, it is imperative that there be two caveats in place: (1) a limitation on how long the increased gas tax increase will be in effect; and (2) the sharing of any revenue produced through an increase that exceeds the State's transportation bond debt payment requirements.

I, THEREFORE, MOVE THAT THE BOARD;

1. Support the CSAC proposal for a five cent increase in the gas tax as an alternative to the State taking counties' and cities' gas tax revenues subject to the following caveats:

- The increase shall expire June 30, 2011; and
- Should the State levy an increase in the gas tax beyond five cents, or should the five cent increase produce more revenues than needed to pay State transportation bond debt service in FY 2009-10 and/or FY 2010-11, the State shall distribute the additional revenue according to the normal formula of 50 percent to the State and 50 percent to counties and cities (25 percent to each).

2. Direct the County's Sacramento advocates to convey and pursue the Board's position to the Governor, the Los Angeles County Legislative Delegation, and the California State Association of Counties.

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